

## Message Text

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TO AMEMBASSY ROME PRIORITY

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ROME FOR FODAG

FOLLOWING REPEAT STATE 99214 ACTION TEHRAN MAY 02, 1977

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TAGS:

SUBJECT: IFAD SITE ISSUE

1. DETERMINATION OF PERMANENT SEAT HAS POTENTIAL OF BECOMING MAJOR DIVISIVE ISSUE AMONG IFAD MEMBERS. FROM SEVERAL SOURCES HOWEVER WE HAVE GAINED IMPRESSION THAT GOI IS REAPPRAISING THE DESIRABILITY OF HAVING IFAD PERMANENTLY HEADQUARTERED IN TEHRAN. REPORTEDLY, MINISTRY OF AGRICULTURE IS STRONGEST ADVOCATE FOR THE SITE, BUT OTHERS IN GOI ARE MUCH LESS ENTHUSIASTIC OR MAY EVEN OPPOSE THE  
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IDEA. WE ARE HOPEFUL THAT A DIRECT APPROACH BY US TO KEY GOI OFFICIALS WILL AVOID UNNECESSARY CONFRONTATION AND PROVIDE BASIS FOR SITE SELECTION BASED UPON TECHNICAL CONSIDERATION, WITHOUT PREJUDICE TO EITHER SIDE. OUR OBJECTIVE IS TO REACH AN ACCOMMODATION IN WHICH A DECISION ON A PERMANENT SITE WILL BE DEFERRED WITH ROME REMAINING THE PROVISIONAL HEADQUARTERS UNTIL THE IFAD CONCEPT HAS

PROVED ITSELF--I.E., UNTIL MEMBER GOVERNMENTS ARE PREPARED TO DISCUSS REPLENISHMENT. DURING THIS INTERIM PERIOD A COMMITTEE APPOINTED BY THE GOVERNING COUNCIL COULD EVALUATE ALL COMPETING SITES. DRAWING ON FOLLOWING BACKGROUND INFO AND POINTS IN ATTACHED AIDE MEMOIRE, CHARGE IS REQUESTED TO CONTACT GOI OFFICIALS PRIOR TO MAY 10 AT HIGHEST POSSIBLE LEVEL TO MAKE ORAL PRESENTATION AND LEAVE COPIES OF AIDE MEMOIRE.

2. ALL OF THE VARIOUS TECHNICAL AND PROCEDURAL MATTERS REQUIRED TO BRING IFAD INTO OPERATION ARE PROGRESSING SATISFACTORILY SUCH THAT WORK OF THE PREPCOM CAN BE COMPLETED AT ITS FOURTH SESSION SCHEDULED FOR JULY 11-15. IF THE NECESSARY RATIFICATIONS BY MEMBER COUNTRIES ARE ALSO COMPLETED BY JULY, THE FIRST MEETING OF THE GOVERNING COUNCIL, ELECTION OF OFFICERS AND START UP OF THE FUND'S OPERATIONS COULD TAKE PLACE THIS FALL. HOWEVER, CONTINUATION OF THE DISPUTE OVER THE HEADQUARTERS SEAT COULD JEOPARDIZE THE RATIFICATION PROCESS OR RESULT IN AN ACRIMONIOUS FIRST GOVERNING COUNCIL MEETING AND A POOR START FOR THE FUND.

3. IRANIAN ADVOCATES OF LOCATING THE FUND IN TEHRAN HAVE GAINED THE SUPPORT OF ALL OTHER OPEC CONTRIBUTORS TO IFAD IN EXCHANGE FOR UNANIMOUS OPEC SUPPORT FOR AMBASSADOR AL SUDEARY OF SAUDI ARABIA FOR THE FUND'S PRESIDENCY. THE MEMBERS OF CATEGORY I ARE PREPARED TO SUPPORT SUDEARY BUT CONTINUE TO FEEL QUITE STRONGLY THAT ROME IS THE PREFERRED SITE ON GROUNDS BOTH OF EFFICIENCY AND LIMITED OFFICIAL USE

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EQUITABLE BALANCE BETWEEN THE TWO DONOR GROUPS. THE U.S. ATTACHES PARTICULAR IMPORTANCE TO THE LATTER PRINCIPLE, ESPECIALLY DURING THE INITIAL PERIOD OF IFAD OPERATIONS, SINCE CATEGORY I IS PROVIDING WELL OVER HALF OF THE TOTAL RESOURCES.

4. IF THE SITE ISSUE IS FORCED TO A VOTE IN THE GOVERNING COUNCIL BY IRAN, THE U.S. INTENDS TO MAKE A DETERMINED EFFORT TO BLOCK MOVE TO TEHRAN. HOWEVER AT THIS TIME NEITHER SIDE CAN BE REASONABLY CONFIDENT OF MUSTERING THE NECESSARY TWO-THIRDS MAJORITY. REGARDLESS OF THE OUTCOME, ONE SIDE WILL SUFFER A DEFEAT ON A MAJOR ISSUE AT THE OUTSET OF THE FUND'S OPERATIONS. THEREFORE WE WISH TO AVOID THIS SITUATION AND BELIEVE THE ONLY WAY TO DO SO IS TO AVOID PUTTING THE ISSUE TO A VOTE UNLESS OF COURSE IRAN IS PREPARED S;MPLY TO WITHDRAW ITS PROPOSAL.

5. THE ISSUE IS BEYOND THE COMPETENCE OF THE IFAD PREPCOM WHERE IT HAS BEEN DISRUPTING OTHER ESSENTIAL

ASPECTS OF THE WORK. HOWEVER, WE BELIEVE THAT AN ACCOMMODATION CAN BE REACHED THROUGH A STRONG APPROACH BY THE CHARGE, SINCE SOME MEMBERS OF THE GOI NOW APPEAR TO HAVE SERIOUS DOUBTS WHETHER THE PRESTIGE CONSIDERATIONS INVOLVED IN OBTAINING THE HEADQUARTERS WARRANT THE EXPENSE OF BUILDING THE NECESSARY FACILITIES AND IN EFFECT COMMITTING IRAN TO A MAJOR SHARE OF ANY FUTURE REPLENISHMENT.

TEXT OF AIDE MEMOIRE FOLLOWS;

1. THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, IN WHICH IRAN AND THE UNITED STATES ARE THE TWO LARGEST CONTRIBUTORS, IS APPROACHING THE COMMENCEMENT OF ITS OPERATIONS AFTER MORE THAN TWO YEARS OF NEGOTIATIONS AND PREPARATORY MEETINGS TO DESIGN ITS POLICIES AND PROCEDURES. THIS NEW ENDEAVOR TO ASSIST DEVELOPING COUNTRIES IMPROVE FOOD PRODUCTION AND NUTRITION, ONE OF THE MOST SIGNIFICANT LIMITED OFFICIAL USE

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ACCOMPLISHMENTS IN THE AREA OF INTERNATIONAL COOPERATION SINCE THE 1974 WORLD FOOD CONFERENCE, CAN COME TO FRUITION IF THE FINAL NECESSARY EFFORT BY MEMBER GOVERNMENTS TO COMPLETE THE RATIFICATION PROCESS IS CARRIED OUT EXPEDITIOUSLY.

2. APART FROM THE QUESTION OF RATIFICATION, HOWEVER, A POTENTIALLY DIVISIVE ISSUE HAS ARISEN. THIS CONCERNS SELECTION OF A PERMANENT SITE FOR THE FUND'S HEADQUARTERS. BOTH IRAN AND ITALY HAVE INDICATED A DESIRE TO HAVE THE FUND LOCATED IN THEIR RESPECTIVE CAPITALS. EFFORTS TO RESOLVE THIS ISSUE WITHIN THE CONTEXT OF THE FUND'S PREPARATORY COMMISSION HAVE PROVED FRUITLESS. IF THIS MATTER IS FORCED TO A DECISION DURING THE EARLY STAGES OF THE FUND'S OPERATIONS, IT MAY IMPAIR HARMONIOUS COOPERATION AMONG MEMBERS AND IMPEDE THE FUND IN CARRYING OUT ITS DEVELOPMENTAL OBJECTIVES IN AN EFFICIENT AND SUCCESSFUL MANNER.

3. IT IS THE VIEW OF THE GOVERNMENT OF THE UNITED STATES THAT AT THE OUTSET OF THE FUND'S OPERATIONS THE ENTIRE EFFORTS OF ALL THOSE CONCERNED SHOULD BE DEVOTED TO PUTTING THE FUND'S RESOURCES TO WORK. THERE SHOULD BE A MINIMUM OF DISRUPTION ARISING FROM LOGISTICAL PROBLEMS OR QUESTIONS OF PERMANENT PHYSICAL FACILITIES. FORCING THE QUESTION OF PERMANENT HEADQUARTERS TO AN EARLY DECISION WOULD NOT ONLY BE UNDESIRABLE, BUT ALSO UNNECESSARY. THE ARTICLES OF AGREEMENT ESTABLISHING THE FUND STIPULATE THAT THE PROVISIONAL SEAT SHALL BE IN ROME. THE EXISTING PHYSICAL FACILITIES AND THE AVAILABLE STAFF SUPPORT IN ROME WILL GREATLY FACILITATE THE FUND'S

INITIAL OPERATIONS. IT IS ALSO ESSENTIAL THAT THE FUND AVOIDS BECOMING A LARGE BUREAUCRACY AND WORKS THROUGH EXISTING INTERNATIONAL ORGANIZATIONS AS CALLED FOR BY THE ARTICLES OF AGREEMENT.

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4. FOR EACH OF THESE REASONS, THE GOVERNMENT OF THE UNITED STATES BELIEVES THAT THE MOST APPROPRIATE SOLUTION WOULD BE FOR ROME TO REMAIN THE PROVISIONAL SEAT DURING THE PERIOD IN WHICH THE FUND'S INITIAL RESOURCES ARE BEING COMMITTED. ANY DECISION WITH RESPECT TO THE PERMANENT HEADQUARTERS SHOULD THEREFORE BE DEFERRED UNTIL THE

FUND HAS DEMONSTRATED ITS EFFECTIVENESS AS AN APPROACH TO AGRICULTURAL DEVELOPMENT AND MEMBER GOVERNMENTS ARE PREPARED TO DISCUSS CONTINUATION OF THE FUND BEYOND ITS INITIAL RESOURCES.

5. THEREFORE MEMBER GOVERNMENTS SHOULD AGREE TO DEFER THE ISSUE OF THE PERMANENT SITE, AND IT IS PROPOSED THAT THE GOVERNING COUNCIL OF THE FUND, IN ORDER TO FACILITATE THE EVENTUAL DECISION, ESTABLISH A SPECIAL COMMITTEE TO EVALUATE EACH OF THE PERMANENT SITES THAT MAY BE OFFERED AND MAKE RECOMMENDATIONS FOR THE PERMANENT HEADQUARTERS LOCATION BASED UPON A DETAILED EXAMINATION OF THE RESPECTIVE COSTS AND BENEFITS OF EACH CASE.

6. THE GOVERNMENT OF THE UNITED STATES URGES THAT THE IMPERIAL GOVERNMENT OF IRAN SUPPORT THIS SOLUTION. IF IRAN AND THE UNITED STATES ARE IN AGREEMENT IN THIS RESPECT, THE OTHER MEMBERS OF THE TWO DONOR GROUPS AS WELL AS THE RECIPIENT MEMBERS OF THE FUND ARE ALSO LIKELY TO CONCUR.

7. WITH RESPECT TO RATIFICATION OF THE AGREEMENT, THE GOVERNMENT OF THE UNITED STATES NOW HAS THE NECESSARY LEGISLATIVE APPROVAL TO PROCEED TO RATIFICATION. SINCE THE AGREEMENT CANNOT ENTER INTO FORCE UNTIL IT IS RATIFIED BY THE MAJORITY OF THE PRINCIPAL CONTRIBUTORS, THE GOVERNMENT OF THE UNITED STATES ALSO URGES THAT THE IMPERIAL GOVERNMENT OF IRAN TAKE WHATEVER MEASURES ARE REQUIRED TO PERMIT DEPOSIT OF ITS INSTRUMENT OF RATIFICATION.

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TION IN THE VERY NEAR FUTURE. IRANIAN AND UNITED STATES

ENCOURAGEMENT OF OTHER DONORS COULD ACCELERATE COMPLETION  
OF THE RATIFICATION PROCESS. IT WILL THEN BE POSSIBLE  
FOR THE FUND TO BEGIN ITS OPERATIONS WITHIN A SHORT  
PERIOD AND FULFILL A COMMITMENT FOR WHICH THE IMPERIAL  
GOVERNMENT OF IRAN AND THE GOVERNMENT OF THE UNITED  
STATES HAVE BEEN THE STRONGEST SUPPORTERS.  
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